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C O N F I D E N T I A L SECTION 01 OF 03 GUATEMALA 000030

SIPDIS

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SUBJECT: BERGER NAMES PROFESSIONAL, EXPERIENCED CABINET

REF: GUATEMALA 0022

Classified By: PolCouns David Lindwall for reason 1.5 (b) and (d).

1. (SBU) Summary and introduction: On January 7, President-elect Oscar Berger announced the members of his cabinet. He also named eight "policy coordinators" (super-ministers) to head functional areas. It is not clear what their relationship will be to the ministers, but Berger has described them to us as his policy advisors with responsibility for coordinating implementation by the Cabinet ministries and independent agencies. The Berger team is made up of experienced professionals drawn from the private sector and civil society groups that supported his campaign. Several are former ministers and some are his personal friends. Very few professional politicians were named to the Cabinet, as Berger's electoral coalition (GANA) was made up of three small parties that had no previous presence in Congress or the Executive. Two women and two Mayan indigenous representatives were named. Berger scored a major coup in recruiting CALDH Director LaRue to head the Government's human rights office, assuring implementation of a progressive human rights policy. Press commentary has been largely favorable. End summary and introduction.

The Inner Circle

2. (C) Executive Secretary for Coordination - Eduardo Gonzalez Castillo. Gonzalez is a prominent banker and former Minister of Economy who coordinated the GANA presidential campaign. Gonzalez is Berger's closest advisor, and was the architect of GANA's campaign platform. He is a member of Guatemala's economic elite (his father is a major coffee exporter and bank owner and his mother is from the Castillo family that owns the largest brewery), and his presence in the government is a guarantee that private sector interests will not be ignored. Gonzalez, who holds a degree in business administration from the University of Pennsylvania, is an advocate of trade liberalization and modernization of the state. He is dynamic, self-confident and views Guatemala's interests as inextricably linked to the United States. He speaks fluent English.

3. (C) President's Private Secretary - Alfredo Antonio Vila. Vila is a businessman (sugar producer) and long-time associate of Berger who held important jobs in the Municipal Government of Guatemala City while Berger was Mayor (heading the water and public transportation services). He holds a law degree, but has never practiced. He served as Director for the Chamber of Free Enterprise. Vila served as Berger's private secretary during the campaign, and maintained communication with the Embassy.

4. (C) Secretary General of the Presidency - Jorge Arturo Arroyave. Like Vila, Arroyave was a close collaborator of Berger's during his tenure as Mayor of Guatemala City. Arroyave, who holds a law degree from the public University of San Carlos, was Secretary General of the Municipality of Guatemala under Berger, and served previously as the head of the Civil Registry.

Policy Co-ordinators

5. (C) Implementation of the Plan of Government Coordinator - Richard Aitkenhead Castillo. Aitkenhead (47) is an economist who served as Minister of Economy and later as Minister of Finance for Presidents Serrano and De Leon. In the center-right Arzu administration, Aitkenhead served as head of the Peace Commission and Coordinator for International Assistance. Aitkenhead holds a masters degree in public administration from Harvard. He is a supporter of free trade, is pro-U.S. and is expected to be the coordinator of economic policy in the Berger government. Aitkenhead speaks fluent English.

6. (C) Coordinator for Security and Defense - Otto Perez Molina. Former General Perez Molina is the Secretary General of the Patriotic Party, one of the three parties that made up Berger's electoral coalition (GANA). Perez Molina was forced to retire from the military by President Portillo (who retired all 20 generals when he assumed office). Perez Molina served as Army intelligence chief in 1992-1993, and represented the military during negotiations with the guerrillas that led to the signing of a comprehensive peace accord in 1996. The Archbishop's Human Rights Office (ODAG) told the Embassy in 1994 that they had no evidence of Perez

Molina's involvement in human rights abuses. Perez Molina is not a personal friend of Berger's, but was a key ally during the campaign. Berger has delegated to Perez Molina coordination of all security matters, including responsibility for the Ministries of Defense and Government (i.e. the police). Perez Molina does not speak English.

17. (C) Coordinator for Political Reform and the Institutions of the State - Mario Fuentes Destarac. Fuentes Destarac is the Dean of the Law School of the Jesuit Rafael Landivar University, and was the legal advisor to Berger's presidential campaign. He writes a weekly op ed in daily "El Periodico," and was an outspoken critic of the Portillo Government. Fuentes Destarac was the Secretary of the Constitutional Court and is considered one of Guatemala's leading constitutional lawyers.

18. (C) Coordinator for Investment and Competitiveness - Miguel Fernandez. Fernandez is a prominent businessman who owns Guatemala's largest in-bond processing plant. His company employs 14,000 workers and produces clothing for Levis and the Gap, among others. A classmate in elementary and high school, he is one of Berger's closest friends. Fernandez is also the Director of the Guatemalan branch of the Harvard-affiliated business school INCAE.

19. (C) Coordinator for Modernization of the State - Harris Whitbeck. Whitbeck (69) is a prominent businessman (construction), former American citizen and founding member of the FRG, who quit the Portillo government in 2002 to join the Partido Patriota. The Partido Patriota originally named Whitbeck its presidential candidate in the 2003 elections, but when Berger threw his hat in the ring, Whitbeck graciously declined his nomination and supported the Berger campaign. Whitbeck coordinated rural development projects for two FRG governments (1983-4, 1999-2002), and got to know many mayors and rural community leaders. He was able to build on these contacts to increase Berger's support in rural areas during the campaign. Whitbeck (like Berger) is a strong supporter of decentralization. His son, Harris Whitbeck Jr., is a correspondent for CNN.

10. (C) Coordinator for Megaprojects and President of the Social Investment Fund - Luis Flores Asturias. Flores (56) was Vice President in the government of Alvaro Arzu (1996-2000). Flores' first career was dentistry, where he rose to be professor in Guatemala's leading public and private universities. He studied dentistry at the University of Alabama. He got into politics in 1987, when he became one of the founders of the center-right National Action Party (PAN), and was elected to Congress for PAN in 1990. Flores is a life-long friend of former President Alvaro Arzu, and was drafted into politics by Arzu. When Arzu's faction of the PAN lost the party leadership in 2001, Flores Asturias got out of politics, but returned in 2003 to support another friend, Oscar Berger.

11. (C) Coordinator for Local Development - Rodolfo Paiz Andrade. Rodolfo "Fito" Paiz is one of the heirs to Guatemala's largest supermarket fortune, and has been active in politics since the restoration of democracy in 1984. The Harvard-educated Paiz served as Minister of Economy for the Christian Democratic government of Vinicio Cerezo (1986-1990), and was candidate for President for his own small party (DIA) in the 2003 elections. When he lost the first round election, he publicly endorsed Berger in the runoff election. Paiz is articulate and speaks English fluently.

12. (C) Coordinator for Tourism - William Kaltschmitt. Kaltschmitt was the President of Guatemala's Olympic Committee and first Guatemalan Ambassador to Cuba after the restoration of diplomatic relations in 1998. He comes from a prominent business family and owns a business that imports agricultural chemicals.

Ministers -----

13. (U) Foreign Affairs - Jorge Briz Abularach (see reftel).

14. (U) Defense - BG Cesar Augusto Mendez Pinelo (see septel).

15. (C) Minister of Government - Manuel Arturo Soto Aguirre. Soto was Berger's third choice for Minister of Government, after human rights activist Helen Mack (although Mack is prepared to serve on a Security Advisory Council Berger intends to establish) and businessman Carlos Vielman turned down the offer. Soto is a long-time judge and former magistrate of the Supreme Court. He served as a congressman for the FRG in 1991-1995, and joined the Partido Patriota in 2002. He was considered briefly as a vice presidential running mate to Harris Whitbeck for the Partido Patriota in the 2003 elections. His selection as Minister of Government was a concession to Otto Perez Molina, who has been put in charge of security policy.

16. (C) Minister of Finance - Maria Antonieta del Cid. One of two women on Berger's team, Del Cid is the Director of the Monetary Board, Director General of the (private) Banco del Quetzal, has worked on Central American issues for the IMF, and is a former Vice President of the Bank of Guatemala. She is highly respected in banking circles in Guatemala. She holds a degree in economics from the University of Illinois.

17. (C) Minister of Economy - Marcio Cuevas. Cuevas is a prominent businessman (textiles) and the Chairman of the Non-Traditional Exporters Association. He is a long-time contact of the Embassy, a supporter of free trade, and was an active opponent of the FRG government. He served as Vice President of the private sector umbrella organization (CACIF) until recently. He is positively disposed towards the U.S.

18. (C) Minister of Agriculture - Alvaro Aguilar. Aguilar is a non-traditional exporter who served as General Manager of the Non-Traditional Exporters Association. He is an engineer by training. Aguilar worked on the unsuccessful Berger presidential campaign in 1999, and was a major supporter in the 2003 campaign.

19. (C) Minister of Health - Marco Tulio Sosa. Sosa is a businessman and chemical engineer whose tenure as Minister of Health under Alvaro Arzu (1996-1999) was viewed as highly successful. Though not a health professional, Sosa introduced innovations in the Health Ministry during his first term (including introducing public-private partnerships and reducing corruption in the purchase of medicines and equipment) which gained the Arzu administration a positive image in providing public health. Sosa served as a congressman for the center-right PAN party in 1991-1995.

20. (C) Minister of Communication and Public Works - Eduardo Castillo. Castillo was the Deputy Mayor for Guatemala City during Berger's terms as Mayor. He is an architect by training and managed the infrastructure and construction projects for the capital.

21. (C) Minister of the Environment and Natural Resources - Manuel Salazar Tezaguic. Salazar Tezaguic is one of two Mayan Indigenous representatives in the cabinet. He is a cultural anthropologist, musician and professor of philosophy.

22. (C) Minister of Energy and Mines - Roberto Gonzalez. Gonzalez is a consultant for private energy companies in Guatemala. He worked closely with Berger in the municipal government of Guatemala City, where he served as deputy director of the waterworks (EMPAGUA) and general manager of the municipalities public transportation system.

23. (U) Minister of Education - not yet named.

24. (C) Minister of Labor - not yet named. We have heard that Jorge Lewis, General Manager of Fritolay's Guatemalan subsidiary, has been offered the position, but that he has not made a decision yet on whether he will accept.

Other Berger Team Members

25. (C) Presidential Spokesperson - Rosa Maria de Frade. De Frade was the press spokesperson for Berger's presidential campaign and was the architect of his public affairs strategy. She has a Ph.D. in psychology from the University of Madrid, and served as Guatemala's Ambassador to Costa Rica and Venezuela during the Arzu Administration. Most recently she was the director for human resources for Pepsico's regional operations.

26. (C) Peace Secretary - Victor Montejo. Montejo is a naturalized U.S. citizen of Jacalteco Maya origin. He holds a Degree in Anthropology from the University of California. He was elected as a Congressman for the GANA coalition in the 2003 election.

27. (C) Secretary for the Presidential Commission for Human Rights (COPREDEH) - Frank LaRue. LaRue, an American citizen, is a prominent human rights activist and is the founder and director of the Legal Action Center for Human Rights (CALDH). He is also a professor of human rights at the Jesuit Rafael Landivar University. Berger had long told us that he wanted to include human rights leaders to serve in his government, and his recruitment of LaRue is a major coup for civil society groups that have for many years watched governments assign a low priority to advancing human rights. Along with the nomination of other representatives of civil society, the LaRue nomination demonstrates Berger's genuine interest in having a socially and politically progressive government, belying the characterization carried by the U.S. press of a "return to the conservative governments of the last 20 years."

HAMILTON